App. F. IX-4

1940. (CS)

File No. 46-40

Serial Nos. 1-4

Previous References.

L.M. 21-38-1+2
" 25-38-1+2 L.M. 2-33-1-3,7
" 7-36-1+2 " 21-29-1-4
" 16-34-1+3 " 14-29-1-69,12

Later References.

CS 15-ce1-7+23
" 85-42-1-7

PRESERVED

P=36
E

GENERAL AND REVENUE SECRETARIAT.

Serial Nos. 4

Part B for Nov 41

SUBJECT.

Floatation of a Sixth Series of debentures by the Mysore Central Cooperative Land Mortgage Bank.

To

The Registrar of Cooperative Societies in Mysore Bangalore
Comptroller to Government through the financial Secretary

No A.F. 7144-5 CS 46-40-4 Dt 10-4-1941

permits the above bank to issue a Sixth Series of debentures of the value of Rs 5 lakhs at 3½ % interest, over-free from encumbrance.

A.D. raised
22-4-41.

G. R. S. APP. F. III—1]

GENERAL AND REVENUE SECRETARIAT.

(61) 1833

NOTES.

File No. 46-40

FILE HEADING

Floatation of a sixth series of debentures by the Mysore Central Cooperative Land Mortgage Bank Ltd

FROM The Registrar of Cooperative Societies in Mysore Bangalore

No. 5239 Dated 25-11-40 Received 26-11-40

Diary No. 1833 | Enclos. three Spare copies — | Serial No. 1

BRIEF ABSTRACT OF LETTER

Forwards for sanction proposals for permitting the Mysore Central Cooperative Land Mortgage Bank to raise debentures of the value of Rs Five lakhs at 3½% interest repayable in 1970

NOTES AND ORDERS.

1) The Mysore Central Cooperative Land Mortgage Bank propose to raise debentures of the value of Rs five lakhs at 3½% interest, Govt to guarantee the payment of principal and interest, the debentures being encashed from time to time and the proceeds of Govt to Bank in debentures of Rs 1,80,200/- for the fifth series being kept open for the sixth series also.

2) In their order dated 10-6-20 Govt permitted the L.M. Banks to issue debentures upto twelve times only paid

Map M (part 2)

NOTES—First Sheet

WD 0555—GPB—8,750—28-1-39

2

File No. of 193 . | General and Revenue Secretariat

Govt guaranteeing interest on all the debentures at a rate not exceeding five per cent in their order dated the 4th Dec 1929, in order to facilitate the working and development of the L.M. Scheme Govt guaranteed the debenture holders the repayment of principal as well as interest limited to 5% free of income tax for the debentures issued for the first ten lakhs only subsequent issues being governed by the G.O dated 10-4-20 referred to above. — Page V

3) Accordingly, Govt guaranteed the first four series of debentures for a sum of Rupees ten lakhs. The guarantee for the repayment of principal as well as interest was extended to the fifth series also. Now the prayer of the Board is that this concession should be extended to the sixth series of debentures of Rupees five lakhs. By the close of the 6th series the Board will have issued debentures to the full capacity of their borrowing viz Rs. 20 lakhs. — Page W

The points for consideration and order are if

1) the Govt should extend the guarantee for the payment of principal & interest to the sixth series also
2) the debentures should be exempted from income tax
3) the Govt should keep open the offer to subscribe for Rs 180200/- in the fifth series, to the sixth series also
4) the rate of interest to be charged should be 3½ percent

4) The first three conditions were applicable to the five series of debentures. It is for consideration whether these concessions should be extended to the sixth series of debentures of Rupees five lakhs by the issue of which the Board will have reached

Serial No.

the maximum capacity of its borrowing

9) As regards the rate of interest to be paid on the debentures - which is proposed to be at 3½ per cent. It is submitted that, in the present condition of the money market and when loans and debentures floated or guaranteed by Govt are generally over-subscribed at 3%, it is not known why the Bank should be allowed to float at 3½%. The Registrar has in his letter said that "the Bank should try to secure as much premium as possible and the premium realised from should be credited to the Reserve Fund." The Balance Sheet of the Bank for the year ended 30-6-40 Page 45 of the report para 7 it is seen that only a sum of Rs 4971-0-8 has been realised as premium upto the end of June 1940 by the issue of debentures of the value of Rs 10,91,700/- which works out to about 7.2 annas per Rs 100/- or less than ½ per cent. Whether, in order to secure ½% premium on debentures in a year, it is advisable to pay interest at ½% per annum for thirty years seems to deserve consideration.

10) Apart from this aspect of the question, it is stated that the Govt have been subsidising the Bank to the extent of Rs 5000/- per annum for its working expenses and to reduce the rate of interest charged to the members. If the rate of interest on debentures is fixed at 3% there would be a saving to the Bank to the extent of Rs 2500/- which would go a long way to add to the profits of the Bank available for distribution as dividends and bonus to the members of the Bank or utilised for the benefit of the borrowers

NOTE—Contn. Sheet.

1833

File No. 46 of 1940. | General and Revenue Secretariat

Serial No.

by the grant of rebates etc. and on the whole make the Bank self supporting. If the Bank is thus made gradually self supporting the debenture now being paid by it for its working expenses and remaining in the rate of interest charged to members or a part of it at present could be better utilised for the more crying needs of the Co-operative movement without detriment to the interests of either the debenture holders, or the other members investors of the bank or the borrower. The risk of Govt for payment of interest on debentures will also be reduced to the extent of Rs 2500 p.m.

7) The Govt are asked to guarantee the repayment of principal and interest on the debentures and the debentures are to be free of income tax. Taking the above circumstances into consideration it is for order whether the rate of interest to be paid on the 5th series of debentures may be fixed at 3% instead of 3½% proposed by the Bank: Govt.

28/11/40 28/11

8) From the remarks of the Board, it is seen that the Bank is in need of funds for disbursement of loans already sanctioned and loan applications pending sanction. Further, the Bank have proposed to redeem the first series 5% debentures by the issue of the proposed lower rate of interest debentures to save payment of heavy rate of interest to debenture holders. From the letter of the Registrar also, it is seen that circumstances justify the raising of additional capital and he recommends sanction for the

Floatation of 6th Series of Debentures by the A.C.C.L.M Board

1930

General and Revenue Secretariat | File No. | of 194 | App. F. III-2

Serial No.

floatation of a Sixth Series of debentures of Rs 500000/-. There is however no justification to fix the rate of interest at 3½ %. as in the case of the 4th & 5th Series considering the present rate of ruling interest and the money market. The reasons advanced by the Registrar in favour of 3½ % interest is not also a profitable one. Hence. the interest may be fixed at 3%. In the very nature of the ~~acti~~ aims and objects of the Land Mortgage Scheme which is essentially intended for the benefit of agriculturists, the Govt have perhaps to guarantee the repayment of the principal amount of the debentures at maturity and also the payments of the interest as it falls due to ryots connected with the public. For the same reasons the Govt have perhaps to take up debentures to some extent. The request that the interest on the debentures may be exempted from Income tax may perhaps be sanctioned in case the interest rate is 3%.

9) The proposed ~~Series of~~ 500000/- debenture loan is within the permissible limit of 20 lakhs

Govt ~~Loan~~ fees)

6/12

10) The proposal to raise the sixth series of debentures of the value of Rupees five lakhs may be sanctioned. It is for consideration whether the rate of interest may not be fixed at 3%. The interest may be

GENERAL SECRETARIAT
17 DEC. 1930
D 3575

May be placed before Hr Appaji Gowda.
Hon
7/12

NOTE—Contn. Sheet

6

File No. 1853 of 194

General and Revenue Secretariat

Serial No.

free of income tax, as this concession has been shown in respect of the previous issues. Govt may also guarantee the repayment of principal & interest as this will induce confidence in the investing public & attract subscriptions. ~~Govt~~ This concession, though originally intended to apply only to the extent of ten lakhs of the debentures issued by the Bank, was extended to the fifth series of debentures for Rupees five lakhs, which raised the limit to more than 14 lakhs. Govt may also agree to take up debentures in this series up to a total of Rs 1,80,200 as in the fifth series, subject to the condition that the debentures issued to the Govt will be limited to the extent that subscriptions from the public fall short of Rs 5 lakhs & the amount subscribed by the Govt will be drawn in instalments as & when required for disbursement of loans sanctioned by the Bank. It is likely that the full amount of the loan may be taken up by the public & there may be no need for Govt to subscribe for any portion of the loan. It is gathered from the correspondence that though the Govt had promised to take up a similar amount of debentures in the fifth series, the full amount of this series will be taken up by the public.

J.No.41... 2886

(H of S with Compts)

11/12/40

Serial No.

11) I would have agreed to the present proposal unhesitatingly seeing the purpose for which the amount is required, if the Bank had taken steps to form a special sinking Fund for the redemption of debentures on the due dates. Even the present letter of the Bank is silent about this important point, and detailed proposals therefor may be called for explaining as to why it has not been possible so far for the Bank to create such a Sinking Fund. It would be financially imprudent to raise further debentures without some appropriation being made every year out of its profits to meet the provision towards redemption of liabilities falling due for payment.

12) It is stated that the first series 5% debentures are liable to be redeemed in this month, and it is for consideration whether it will not be sufficient if the amount of debentures to be further raised may not be limited to that required for the discharge of the first series.

13) Even if Government guarantee is considered to be absolutely necessary, the concession of exemption from Mysore Income-tax need not be continued. The latter concession has not been allowed in the case of the loans raised by the Mysore and Bangalore City Municipalities, and it will, I think, be possible to get subscriptions to the debentures proposed to be issued, at 3½%, even if the exemption from Income-tax is not continued, as there is Government guarantee both for the payment of interest and repayment of principal.

NOTE—Contn. Sheet.

I am in this connection constrained to invite attention

P.T.O.

Serial No.

to the fact that the Government of India are making bones about continuing the Income-tax exemption that our Income-tax free securities have been enjoying in British India all along and in the light of this ~~information~~ ~~fact~~th, our exempting these from Income-tax will not confer a higher negotiable value ~~to~~ in the Indian market ~~for~~ these guaranteed securities. The Income-tax exemption need not be allowed.

31.12.40

OFFICE OF SECOND MEMBER OF 2 JAN. 1941

16) 2nd Member)

2/1/41

17) Regr may be asked — to see me abt this

2.1.41

3/1/41

16) Draft letter to the Registrar is submitted for approval

3/1/41

17) Done

3/1

R 7505 3.1.41 To the Regr C.S. 2

Requests him to see the 2nd Member of Council in the matter.

18) As regards the question of forming a Sinking Fund raised by the Financial Secretary in Paras 11-12 above, it is submitted that the question of forming a Sinking Fund to redeem the debentures raised by the L.M. Bonds has been

Flag A

L.R. 25-38-2

Serial No.

orders to be postponed till the end of June 1943 from which sources the funds has to be formed with leave to be decided when the question is taken up after June 1943. Submitted with reference for perusal. Refer page 2 of file no G1. 46/40.

9/1/41 9/1

19 For perusal

10 JAN. 1941

10/1

2)

It is not known whether the Registrar of Co-op. saw the second member of Committee on this question after receiving it back for orders

3/2/41

3) Done

4/2/41

Issued No AF 5749 dated 6-2-41

Sent 10/2/41

Letter No 408/Co-op dated 12-2-41 from the Registrar Co-op. Societies stating that as a result of discussion with the Second member of Committee and the Financial Secretary he agrees for the withdrawal of the Condition of "Irrevocable Trust" on the debentures to be issued by the Central Co-op. Bank

4272

4) Submitted for orders. The file may now be submitted to the Financial Secretary with reference to Paras 11-13 above

18/2/41

5) may be referred to the Financial Secy (Joint Secy)

18/2/41

6) H.A.S. with Compliments

19/2/41

12

GENERAL SECRETARY 10 JAN. 1941

PING SE 4 FEB. 1941 GEN. & REV. SECTT.

REV. SECTT. 12 FEB. 1941 FOREST BRANCH.

GENERAL SECRETARY 19 FEB. 1941

NOTE—Contn. Sheet.

1267

LC

File No. 1[illegible]/1941 of 194 . | General and Revenue Secretariat

Serial No. 4272

Seen. The only point for consideration is about the amount for which further debentures carrying interest at 3½% per annum and subject to payment of Income-tax have to be permitted to be raised.

27) As these debentures are guaranteed by Government they will very easily be subscribed for by the local banks and companies.

ASA 26.2.41
JWJ 27/2.

27/2

28) It is submitted that the Registrar has recommended the floatation of the debentures of Rs five lakhs. Submitted for orders with reference to para 26 above.

3/3/41

29) As already noted in para 10, the proposal to raise the Sixth Series of Debentures up to 5 lakhs may be sanctioned. They may carry interest at 3½% per annum as suggested above & as resolved by the Directors of the Land Mortgage Bank.

Genl Secy)

4/3/41

2nd Member)? 6/3

5/3

7/3

5/3

7/3.

GENERAL SECRETARIAT
5 MAR 1941
/57/.
OFFICE OF THE SECOND MEMBER OF COUNCIL.
1941
No. 8628

2941

Serial No.

DEWAN'S OFFICE
10 MAR 1941
NO 5921

GENERAL SECRETARY.
8 MAR 1941
1675

OFFICE
SECOND MEMBER OF COUNCIL.
8 MAR 1941
No. 8743

GENERAL SECRETARY.
17 MAR 1941
1890

IN THE
SECOND MEMBER OF COUNCIL
17 MAR 1941
No. 9059

6237.

NOTE—Contn. Sheet.

1) The question of the fifth sale of Debentures was ~~raised~~, treated as a Council matter. This is ~~also~~ a Council matter.

General Secy) 7.3.41

2) May be disposed by Secretariat

2 Members + Dewan) 10.3

Dewan 8/3.

11/3/41

D.S.N 11/3

11.3.41

General Secy) 15.3.41

3) D.S.N may

2 Members) T.C 17/3 18/3 17/3

4) Signed Final Note placed Below.

The file has to be submitted to the Dewan before D.S.N is put up.

20.3.41.

Dewan) 20/3

22-3-41

20/3.

Final Note by the Second Member of Council.

Subject:— Floatation of a sixth series of debentures by the Mysore Central Cooperative Land Mortgage Bank, - Ltd.

With the gracious sanction of His Highness, permission was accorded to the Mysore Central Cooperative Land Mortgage - Bank, Ltd., to float a fifth series of debentures of the value of rupees five lakhs at 3½ per cent, free of income-tax, guaranteed by Government for principal and interest, and Government agreeing to subscribe for debentures of the value of - ₨ 1,80,200/- in this series if the subscriptions from the public fell short of the full amount issued.

The Bank has extended its activities and the Land Mortgage scheme is in operation in 51 places. In order to meet the increasing demand for loans and to reduce (redeem) the first series of debentures carrying interest at 5 per cent, the Bank has sought permission to float a sixth series of debentures of the value of rupees five lakhs at 3½ per cent. The Registrar, while forwarding the proposals of the Bank, intimated that the Bank has issued debentures of the value of ₨ 14,66,100/-. The paid up share capital and the reserve fund of the Bank amount ₨ 1,30,400/-. According to Bye-laws 17 (b) and 28 of the Bank, the Bank can raise a maximum loan of rupees twenty lakhs at a rate not exceeding six per cent. As the Bank can issue debentures for a further sum of rupees five lakhs, the Registrar recommended that the Bank may be permitted to issue a sixth series of debentures of the value of rupees five lakhs at 3½ per cent - free of income-tax, Government guaranteeing repayment of both principal and interest in this series also, and subscribing for debentures to the extent of ₨ 1,80,200/-, if necessary, the other conditions being the same as in the case of the fifth series.

13

As the exemption of these debentures from Mysore Income-tax was not considered feasible, the Registrar was again consulted and he has agreed that the grant of such exemption in respect of this series need not be specified. He has agreed to the omission of the provision.

The proposal of the Registrar has been agreed to by the Dewan and the First Member of Council and has the concurrence of the Finance Department.

I therefore request the gracious sanction of His Highness for permitting the Mysore Central Cooperative Land Mortgage Bank, Ltd., to issue a sixth series of debentures of the value of rupees five lakhs at 3½ per cent and not free from income-tax, Government guaranteeing the repayment of both principal and interest and subscribing for debentures up to a sum of Rs 1,80,200/- subject to the condition that the debentures issued to Government will be limited to the extent that subscriptions from the public fall short of five lakhs. The amount subscribed by the Government will be drawn in instalments as and when required for disbursement of loans sanctioned by the Bank.

M V Chandrasekhara Rao

Second Member of Council.

Bangalore,
20th March 1941.

Submitted to His Highness.

I submit herewith a Final Note by the Second *Member of Council on the Subject of* the floatation of a sixth series of debentures by the Mysore Central Co-operative Land Mortgage Bank, Limited, *for His Highness' gracious approval.*

Mirza M. Ismail

Bangalore,
22nd March 1941.

Dewan.

Record of Cases submitted for the Orders of His Highness the Maharaja.

Subject.

100 Proposal to permit the Mysore Central Cooperative Land Mortgage Bank, Limited, to issue a sixth series of debentures of the value of Rupees Five Lakhs at 3½ per cent. and not free from income-tax.

Chief Secy
M;
27-3-41

Order.

RW
24/3/41.

No. 609

MK
27.3.41

General and Revenue
Secretariat.

C 505.

2947/6

SUBJECT:—

Proposal to permit the Mysore Central Co-operative Land Mortgage Bank Ltd. to issue a Sixth Series of Debentures of the value of Rs. Five lakhs at 3½ per cent and not free from Income-tax.

Circulated to Members of Council for perusal of His Highness' orders before/~~after~~ issue of orders. (*Vide* Rules 31, 33 and 34 of the Subsidiary Rules for the conduct of business of Council in the Manual of Council Rules and Procedure.) (*)

Chief Secretary to Government.

Through the Secretary to Government,
General Department.

9878/31.3.41 FIRST MEMBER OF COUNCIL. 1/4/41

9569/27.3.41 SECOND MEMBER OF COUNCIL. 29.3

Gen. Secy. with Compliments
1.4.41

(*)

31. All urgent or confidential files returned with His Highness' orders may, in the absence of instructions or indications to the contrary, be ordinarily circulated to the Members of Council for perusal after the issue of orders.

33. The Secretaries concerned should see that orders in the cases referred to above are issued at once and that the files are returned immediately after to the Chief Secretary for circulation to the Members.

34. In all other cases, the files will first be circulated to the Members of Council at Headquarters and then sent to the Secretariat concerned for the issue of orders.

NOTE.—Contn. sheet

WD 02010—GPB—250—19-3-41

1/4

2948

General and Revenue Secretariat — File No. 46 of 1940. [App. F. III-2

Serial No.

Draft G.O Ltr to above

2/4/41

General Secy)

3/4/41

4/4/41

Done

4.4.41

SECRETARIAT 1941 2376

TYPING

Ref. - Financial Secy's Opinion - paras 26 & 27. Draft and fair G.O Ltr.

4/4/41

1/4

for perusal

2/4

Dy Sec 7/4/41

JDJ 1/4

Dy Sec 4/4/41

Done JDJ 1/4/41

To The Asst. Co. - Comptt (7 D) issued No. A+F. 7/1445 of 10.4.41. sanctioning the floatation of a sixth series of debentures for Rs. five lakhs by the Sind Banks

4/4/41

GEN. & REV. SECTT. NOTE—Copyright. IV. 15 FOREST

G.R.S. III—3]

ROUTINE NOTES.

[To be used only for notes, requisitions, etc., not intended for permanent record.]

List of places where the Land Mortgage Scheme is in force

Bangalore District

1 Bangalore Tq
2 Anekal
3 Hoskote
4 Closepet
5 Channapatna
6 Devanahalli

Kolar District

7 Kolar
8 Bowringpet
9 Malur
10 Srinivaspur
11 Chickballapur
12 Gauribidanur
13 Siddlaghatta
14 Bhimanayakanahalli

Mysore District

15 Srirangapatna
16 Mysore
17 Nanjangud
18 T. Narasipur
19 Chamarajanagar
20 Yelandur

Hassan District

21 Hassan
22 Yesalur

Mandya District

23 Mandya
24 Pandavapura
25 Nagamangala

Tumkur District

26 Tumkur
27 Kunigal
28 Gubbi
29 Turuvekere
30 Chiknayakanhalli
31 Tiptur
32 Sira

Chitaldrug District

33 Chitaldrug
34 Hiriyur
35 Hosadurga
36 Challakere
37 Holalkere

Kadur District

38 Kadur
39 Tarikere
40 Koppa
41 Kalasa
42 Mudigere
43 Chikmagalur
44 Narasimharajapur
45 Koppa
46 Kalasa

Shimoga District

47 Shimoga
48 Tirthahalli
49 Sagar
50 Bhadravati
51 Honnali

Chitaldrug Dt

52 Chitaldrug
53 Hiriyur
54 Hosadurga
55 Davanagere
56 Holalkere

N.B.—Should routine notes be written on small slips, the notes must be copied, or slips pasted on this form.

WD 05639—36,000—GPB—20-3-40

C.S. 46-40-1

GOVERNMENT OF MYSORE.

No. S.239 C. S.

DEPARTMENT OF CO-OPERATION

Telegraphic Address "CO-OPERT". Bangalore.

OFFICE OF THE REGISTRAR OF CO-OPERATIVE SOCIETIES IN MYSORE,

Dated Bangalore, 25th November *1940*

RECTT. 26 NOV. 1940 WEST BRANCH.

FROM

M. ABDUL HUKH, ESQ., B.A.,
Registrar of Co-operative Societies in Mysore,
BANGALORE.

To

J.Appaji Gowda,Esq.,B.A.,(Hons),
General Secretary to the Government
of Mysore, Bangalore.

Sir,

GENERAL SECRETARY. 25 NOV. 1940

Subject:- Floatation of the Sixth Series of Debentures by the Mysore Central Co-operative Land Mortgage Bank,Ltd., Bangalore.

I have the honour to forward herewith a copy of letter No.S.I. 391 dated 12th/13th November 1940 with copies of enclosures thereto received from the President of the Mysore Central Co-operative Land Mortgage Bank,Ltd., Bangalore City, on the above subject and to state as follows:-

According to the Byelaws of the Bank, the Bank can raise funds by the issue of debentures or othersise to the extent of sixteen times the subscribed share capital plus the reserve fund. As the subscribed share capital is fully paid up and amounts to - - - Rs.1,16,000 and the reserve fund to Rs.14,400 the permissible limit of the total external liabilities of the Bank is Rs.20 lakhs and that is the maximum amount of capital that can be raised by way of debentures as per byelaw No.28 of the Bank. Inclusive of the 5th Series of Debentures of Rs.5,00,000 which is not yet closed, the total amount of the debenture capital raised by the Bank is - Rs.14,66,100. The Bank can therefore be permitted to raise the proposed Sixth Series of Debentures to the extent of Rs.5,00,000 on the same terms as before.

In the circumstances mentioned by the President and in view of the need for raising additional capital for issuing loans and redeeming the First Series of debentures carrying 5 per cent - interest, I recommend that sanction of Government may kindly be obtained for the floatation of a Sixth Series of debentures by the

P.T.O.

20

the Mysore Central Co-operative Land Mortgage Bank,Ltd., Bangalore City, subject to the following conditions:-

1. The debentures shall carry interest at 3½ per cent per annum (the Bank should try to secure as much premium as possible and the premium realised should be credited to the reserve fund of the Bank)

2. The repayment of the principal amounts of the debentures at maturity as well as the payment of interest as it falls due, shall be guaranteed by Government.

In their Order No.G.6941-4/L.M.14-29-11 dated 4th December 1929, Government have been pleased to order that this guarantee by Government will be limited to ten lakhs of rupees. As the Scheme is meant for the benefit of the agriculturits and without Government guarantee, the debentures are not likely to be popular at all, I request that Government may be pleased to enhance the limit of guarantee to debentures to 20 lakhs of rupees. I may add that the Government of Madras have given this guarantee to the Madras Co-operative Central Land Mortgage Bank,Ltd., to the extent of 2.5 crores of rupees.

3. The interest on the debentures shall be exempt from income-tax under the Mysore Income-tax Act. One of the factors governing the popularity of the debentures in the open market is this concession. The debentures hitherto floated by the Bank had this concession and without a continuance of the same, the popularity of the debentures in the market will surely be affected. I therefore request that this concession may be extended to the debentures issued by the Bank in this Sixth Series.

The President of the Bank has requested that the promise of Government to take up debentures to the extent of Rs.1,80,200 in the fifth series may be extended to the 6th series, as it is likely that the entire sum in the fifth series will be taken up by the public. I recommend that this request may also be sanctioned.

I have the honour to be,
Sir,
Your most obedient servant,

Registrar.

L.S.22/11.

Bank can raise debentures to the full extent of Rs.20 lakhs i.e., the

Paid up share capital	Rs.1,16,000
Reserve Fund ..	14,400
Total ..	Rs.1,30,400

limit prescribed by its byelaw No.28. Against this, debentures issued in all the five series including the balance still available for issue in the fifth series and shortly to be issued amount to Rs.14,66,100 as noted above. It is therefore permissible for the Bank to issue further debentures for an additional sum of Rs.5,33,900 so that the sum of Rs.5 lakhs for which it is proposed to issue a fresh series of debentures is well within the limit imposed by its byelaws. In the above circumstances, I request that the sanction of Government may be kindly obtained for the Bank floating a fresh series of debentures for Rupees five lakhs - bearing interest at 3½ % and on the same terms as those of the fifth series of the Bank's debentures. A copy of the prospectus issued for the last series is attached hereto for reference.

3. In this connection, I beg to invite your reference to Government Orders Nos.6941-4/L.M.14-29-1 dated 4-12-1929 and G.11438-44/Sany. 30-26-7 dated 10-4-1928 and to state that the guarantee of the Government for repayment of principal and interest and exemption of interest on the debentures from the liability to income-tax according to these Government Orders applied to the first ten lakhs of rupees only but in their No.A&F.284-6/L.M.21-38-2 dated 7-8-1939 sanctioning the - floatation of a fifth series of debentures by the Bank, the Government were pleased to extend these guarantees to that series also. I request that the Government may be kindly moved to extend these concessions to the new series of debentures also so that it may possess all the facilities and attraction that the previous series commanded.

4. With regard to the amount of debentures to be taken up by the Government, I beg to invite your reference to Government Order No. A & F. 284-6/L.M. 21-38-2 dated 7th August 1939 by which the Government undertook to subscribe to the Bank's debentures in the fifth - series to the extent of Rs.1,80,200 and to request that since no -- debentures have been issued to the Government in the fifth series so far, the Government may be kindly moved to keep the concession open for issue of debentures to them in the new series also whenever

OFFICE OF THE REGISTRAR OF CO-OPERATIVE SOCIETIES IN MYSORE.

****

Letter No.S.I.391 dated 12th/13th November 1940 from the President, the Mysore Central Co-operative Land Mortgage Bank,Ltd., Bangalore City, to the Registrar of Co-operative Societies in Mysore, Bangalore.

========

Subject:- Floatation of the Sixth Series of Debentures.

In forwarding herewith a copy of the resolution of the Bank's Board of Directors passed at their meeting held on 26-10-1940 regarding the floatation of a fresh Series (VI Series) of debentures by the Bank for a sum of Rs.5 lakhs under the same terms and concessions as in the previous five series, I have the honour to state as follows:-

Government in their Order No.A & F.284-6/L.M.21-38-2 dated the 7th August 1939 sanctioned the issue of a fifth series of debentures by this Bank to the extent of Rupees five lakhs. Out of this amount, debentures for Rs.2,29,900 have already been issued, and the balance viz., Rs.2,70,100 is expected to be issued in the next two or three months - Rs.1,32,700 for redemption (either by conversion or payment in cash) of the first series 5% debentures which are liable to be redeemed in December and Rs.1,37,400 for payments of loans already sanctioned or which will soon be sanctioned during this period. To meet all the pending loan applications as also future applications that may be received hereafter additional funds are necessary. It is therefore considered necessary to issue a further(sixth) series of debentures for a sum of Rupees five lakhs.

2. The toal amount of debentures that have been already issued and that are expected to be issued shortly by the Bank amounts to Rs.14,66,100 as detailed in the margin. According to the Bank's Byelaw No.17(b), the Bank can raise funds by the issue of debentures or otherwise to the extent of sixteen times the subscribed share capital plus Reserve Fund. As the total of the paid up share capital and the reserve fund amounts to Rs.1,30,400 as noted in the margin, the Bank

1st Series 5%	(closed)	Rs.2,18,500	
2nd " 4½%	"	62,500	
3rd " 4 %	"	1,85,100	
4th " 3½%	"	5,00,000	
5th " 3½%	"		
Allotted	Rs.2,29,900		
To be allotted shortly	Rs.2,70,100	5,00,000	
	Total	Rs.14,66,100	

P.T.O.

whenever the Bank may be in need of funds to the extent necessary not exceeding the limit of Rs.1,80,200 on the same conditions.

I request that sanction of Government for the Board's resolution and for the concessions urged above may kindly be obtained at an early date.

****
" Copy "

L.S.22/11.

for Registrar.

OFFICE OF THE REGISTRAR OF CO-OPERATIVE SOCIETIES IN MYSORE.

****

24

Resolution No.5 passed by the Board of Directors of the Mysore Central Co-operative Land Mortgage Bank,Ltd., at their meeting held on 26th October 1940.

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5. Subject:- Question of applying to Government for permission to float a fresh Series of Debentures of the Bank.

The President said that under Byelaw No.28, the Bank could raise debentures to the extent of Rs.20 lakhs and as per byelaw No.17(b) the liabilities of the Bank (by the way of issue of debentures or otherwise) should at no time exceed 16 times the subscribed share capital plus reserve fund and as the share capital of the Bank at present stood at Rs.1,16,000 and the reserve fund at about - Rs.14,400 the Bank could according to this byelaw incur liabilities upto Rs.20,86,400. He explained the need for the issue of a fresh series of debentures and said that including balance of Rs.2,70,100 available for issue in the fifth series 3½% debentures, a total sum of Rs.14,66,100 will have been borrowed by the Bank by way of issue of debentures, and that adding to it the sum of Rs.5 lakhs for which sanction of Government is proposed to be obtained the total will be slighly less than the limit of Rs.20 lakhs prescribed by Government for the issue of debentures of the Bank.

The President also said that in addition to the total amount of loan outstanding recovery viz., Rs.12,16,020 up-to-date, a sum of Rs.1,30,060 was remaining disbursement as loans and loan applications for a sum of Rs.1,87,400 were pending sanction. Further, as resolved by the Board at their last meeting, the first series 5% debentures amounting to Rs.1,32,700 are proposed to be redeemed by the issue of 3½% debentures, and funds will therefore be require for meeting all these requirements and also to meet the further sanction of loans in the latter part of this year. He therefore proposed that sanction of Government may be sought for, for the floatation of a sixth series of debentures for a further sum of Rs.5 lakhs, bearing interest at 3½% on the same terms as before.

It was unanimously resolved that the sanction of Government be

P.T.O.

be obtained:-

(1) for floating the sixth series of debentures carrying interest at 3½ % per annum, for a sum of Rs.5 lakhs;

(2) for the guarantee of Government being continued for repayment of principal and interest in respect of this series also, as in the case of the previous issues; and

(3) for exemption of interest on debentures of the new series from the liability to income-tax as in the case of the previous series.

****

" Copy "

L.S.22/11.

Registrar.

The Mysore Central Co-operative Land Mortgage Bank, Limited, Bangalore City

(Registered under the Mysore Co-operative Societies Act No. V of 1929)

PROSPECTUS OF DEBENTURE LOAN.

(FIFTH SERIES)

Issue of State-guaranteed Debentures to the extent of Rupees Five Lakhs carrying interest at 3½ per cent per annum.

FREE OF MYSORE INCOME-TAX.

1. Under the authority vested by Section 56 of the Mysore Co-operative Societies Act No. V of 1929, and Clauses 28 to 36 of the Bye-laws of the Bank regulating the raising of funds by means of issue of debentures, and with the previous approval of the Government of Mysore conveyed in their Order No. ~~A. & F. 284-6—L. M. 21-38-2,~~ dated ~~the 7th August 1939~~, the Mysore Central Co-operative Land Mortgage Bank, Limited, have resolved to issue a ~~fifth~~ series of debentures to the extent of Rupees Five (5) lakhs.

2. The debentures are subject to the following conditions :—

(1). The debentures will be of one denomination, *viz.*, Rs. 100, and will be issued as and when funds are required by the Bank from time to time. Consolidated bonds for five, ten, or fifty debentures of the value of Rs. 500, Rs. 1,000 and Rs. 5,000, respectively, will be issued, if required by the subscriber.

(2). The repayment of the principal amounts of the debentures at maturity as well as the payment of interest as it falls due, is guaranteed by the Government of Mysore.

(3). The debentures are exempt from Mysore Income-tax.

(4). The debentures will be secured by first mortgages on real property obtained by the Bank, the estimated value of the property charged being at least double the amount of the mortgage.

(5). The debentures carry interest at three and a half per cent per annum: provided however that, with the previous sanction of Government, the Bank shall be at liberty to effect a reduction in the rate of interest at any time after the expiry of ten years from the date of their issue and after giving the holders of the bonds the option to accept payment therefor in cash at par.

(6) (*a*) The debentures shall be redeemable at par on 1st ~~October 1969~~ October 1970 but, the Bank reserves to itself the right to redeem at par as many bonds as it may deem necessary, at any time after the expiry of ten years from the date of their issue, the bonds to be thus redeemed being selected by lot once every year. Debentures in respect of which notice of redemption has been given to the holders by the Bank must be given up on the expiry of the term mentioned in the notice and, if the debentures are not so given up, the holder shall have no claim upon the Bank for interest accruing after the expiry of the term.

NOTE.—For purpose of conditions 5 and 6 (*a*) publication of a notice in the *Mysore Gazette* shall be deemed to be sufficient notice. Individual notices will also be given to such of the debenture holders as may have their names registered in the Bank's Office on payment of a fee of four annas.

(*b*) In the event of any debenture comprised in a consolidated bond being drawn for redemption under clause (a) above, the Bank will issue at its own cost a sufficient number of bonds for the debentures remaining unredeemed.

(7) The interest on the debentures will be paid half-yearly on 1st October and 1st April or the next working days when those days happen to be holidays, at the Bank of Mysore, Ltd., or any of its branches. The interest will also be made payable if required by the applicant at any Government Treasury in the Mysore State.

(8) The debentures are exempt from stamp duty.

(9) As per Section 57 of the Mysore Co-operative Societies Act No. V of 1929, these bonds—

(*a*) shall be deemed to be negotiable instruments to which the provisions of the Mysore Negotiable Instruments Act 1917, apply; and

(*b*) shall be included amongst securities in which a trustee may invest trust funds under any law for the time being in force in Mysore.

(10) (*a*) Debentures which, by reason of damage sustained, have become unfit for circulation, will be replaced at the request of the holder on giving up the damage or defaced debentures provided that the essential marks for genuineness and identity, especially the number, the amount, the rate of interest, the date and signatures of the authorised executing officers of the Bank are still recognisable. Fresh debentures shall also be issued to replace completely destroyed debentures when, in the opinion of the Bank, the fact of destruction is proved beyond any doubt or uncertainty.

(*b*) When such proof is not produced or when in case of damage the essential marks on the debenture are lost and no longer recognisable, as well as in all cases in which the debenture has been stolen from the owner or has been in other ways mislaid, a new debenture will only be issued when the debenture which is alleged to be missing or unrecognisable has been previously advertised for by the claimant in the manner prescribed by the Bank and its nullity legally declared.

(*c*) The re-issue shall be made for the same amount under the same number with the addition of the word "Renewed". A fee of eight annas will be charged for every renewed debenture thus issued.

(11) Separate debenture bonds of Rs. 100 each or consolidated bonds of Rs. 500, Rs. 1,000 or Rs. 5,000 will be issued as far as possible in lieu of bonds of equal value on payment of a fee of eight annas for each bond so issued.

(12) Under No. (2) of the Rules relating to Mysore Central Co-operative Land Mortgage Bank issued with G. O. No. G. 5929—L. M. 4-29-4, dated the 11th November 1929, the Comptroller to the Government of Mysore has been appointed by Government as trustee to secure the fulfilment of the obligations of the Bank to the holders of these debentures.

By Order

A. SUNDARAM MUDALIAR,
Secretary.

Bangalore City,
15th August 1939.

Viswananda Power Press, B. City

Appendix F G—1]

SUBJECT .....

.....

.....

Section 65

File No. 46-61

Serial No. 2

Diary No. of letter replied to.....

No. MF 5005

To

The Registrar Co.

General and Revenue Secretariat

( )

the *19*

Sir

In reply to your letter No 5239/Co.

Date of issue 9/11

dated the 25th Nov 1940 re the

floatation of the sixth series of

debentures by the Bengal Central

Cooperative Land Mortgage Bank Ltd

Signed by Mr Reddy

I am directed to request you kindly

to see the Secretary of Council

in this connection

List of enclosures.....

I have etc

Copied by AKD

for Secretary

Examined by .....

WD 086—GPB—40,000—30-7-40

GOVERNMENT OF HIS HIGHNESS THE MAHARAJA OF MYSORE.

General and Revenue Secretariat.

No. A-7-5008 CS

Bangalore, dated 7th January 1941.

FROM

The Secretary to the Government of His Highness the Maharaja of Mysore.
General Department.

To

The Registrar,
Co-operative Societies, in Mysore,
BANGALORE.

Sir,

In reply to your letter No.5239/C.S., dated the 25th November 1940, regarding the floatation of the sixth series of debentures by the Mysore Central Co-operative Land Mortgage Bank, Limited, I am directed to request you kindly to see the Second Member of Council in this connection.

I have the honour to be
Sir,
Your most obedient servant,

7.1.41
for Secretary to Government,
General Department.

BKP/2-

GOVERNMENT OF MYSORE. 9948

CS.4640-3

M. ABDUL HUKH, Esq., B.A.

DEPARTMENT OF CO-OPERATION.

OFFICE OF THE REGISTRAR OF CO-OPERATIVE SOCIETIES IN MYSORE.

GEN. & REV. DEPT. 1 FEB 1941

D. O. No. 4085

Dated Bangalore, 6th February 1941

Dear Sir,

Re: Floatation of the Sixth Series of Debentures by the Mysore Central Co-operative Land-mortgage Bank, Ltd.

With reference to your letter No.A.F.5005/C.S. 46-40-2 dated 7th January 1941 on the above subject, I write to state that I discussed the question with the Second Member of Council in the first instance and subsequently with the Financial Secretary to Government as per insfructions of the Member. In the light of the discussions, I agree to the proposal to withdraw the "Income-tax free" clause from the debentures to be floated in this Series.

Yours Sincerely,

M. Abdul Hukh

J.Appaji Gowda, Esq., B.A. (Hons)
General Secretary to Government, Bangalore.

G. R. S. App. F VI—G 2]

SUBJECT .....

.....

.....

Diary No. of letter replied to .....

General and Revenue Secretariat

( )

the *193*

Date of issue 10-4-41 193

Signed by Mr. Ranga Rathnam
17 21-38

May this be—

(i) printed ?

(ii) treated as a standing order ?

(iii) published in the Gazette, English Part ? Yes N

(iv) translated ?

(v) placed at the disposal of the press ?

(vi) published in the Gazette, Kannada Part ?

Section. 68

File No. 46-40

Serial No. 4

Proceedings of the Government of His Highness the Maharaja of Mysore.

Read G.O. No.

(Here enter the G.O's marked in brackets in the G.O Yes N)

6. G.O. No A.F 284-6/L.M. 21-38-2 dated the 7th August 1939 sanctg the issue of a fifth series of debentures of the value of Rupees five lakhs at 3½ per cent ~~Order thereon. No.~~ interest per annum free of income tax Govt guaranteeing the repayment of principal and interest and liability for the debentures to the extent of Rs 180200/- if necessary. the other conditions being the same as for the fourth series.

7. Correspondence ensuing with

37

Letter No 408/Co. dated the 12th July 1941
from the Registrar Co. requesting
sanction to the issue of ~~by the Mysore~~
~~Central Coop. L.M. Bank Ltd~~, a fifth
series of debentures of the value of Rupees
five lakhs at 3½ per cent interest, etc. by the
Mysore Central Cooperative L.M. Bank Ltd
Order No 7144-5 & 10-4-41
~~No Objection~~ Sanctioned
issue of the fifth series of debentures
the Mysore Central Coop. L.M. Bank Ltd
has extended its activities and is in operation
in 51 places. In order to meet the
increasing demand for loans and
to redeem the first series of debentures
carrying interest at 5%, the Bank
has sought permission to float a
fifth series of debentures of the value
of Rupees five lakhs at 3½ per cent
The Registrar of Co. while forwarding the
proposals of the Bank, ~~says~~ states that
the Bank can issue debentures to the
of Rupees five lakhs according to its
bye-laws. and recommends that the
Bank may be permitted to issue

List of Enclosure

Copied by

Examined by

G. R. S. App. F. G. 3.

GENERAL AND REVENUE SECRETARIAT.

(*Continuation sheet draft form.*)

the debentures proposed, ~~to~~ ~~guaranteeing~~ Govt guaranteeing repayment of principal and interest in this series also and debentures to the extent of subscribing for Rs 1,80,200/- if necessary the other conditions being the same as in the case of the fifth series, ~~the clause relating to the "income tax free" being omitted.~~

Govt are pleased to permit the Mysore Central Coop. L.M. Bank Ltd to issue a sixth series of debentures of the value of Rupees five lakhs at 3½ per cent interest, not free from income tax, Govt guaranteeing the repayment of both principal and interest and subscribing for debentures upto a sum of Rs 1,80,200/- subject to the condition that the debentures issued to Govt will be limited to the extent that subscriptions from the public fall short of Rupees

WD 0280—GPB—22,500—14-3-38

33

five lakhs, the amount
subscribed by the Govt. thereby being
drawn in instalments as and
when required for disbursement
of loans sanctioned by the Bank
the other conditions of the issue
remaining the same as in the
fifth issue

4/4/41

To the Registrar of
the Bombay Stock Exchange

App. F. VI, G. 10

Government of His Highness the Maharaja of Mysore.

GENERAL AND REVENUE DEPARTMENTS

G. O. No. A F 7144-57 Gv 46-40-4 DATED 10-4-41

May this be

i. printed? Yes

ii. treated as a standing order? Yes

iii. published in the Gazette, English Part? Yes

iv. translated? X

v. placed at the disposal of the Press? } Yes

vi. published in the Gazette, Kannada Part? }

Debentures

Sanctions the floatation of a life loan of Rs. Five lakhs @ 3½% interest by the Mysore Central Co-operative Land Mortgage Bank Ltd.

17/4/41

17/4/41

Government of His Highness the Maharaja of Mysore.

GENERAL AND REVENUE DEPARTMENTS.

G. O. No. A. F. 7144-5—C. S. 46-40-4, dated 10th April 1941.

Debentures.

Sanctions the flotation of a sixth series of —— for Rs. 5 lakhs at 3½ per cent interest by the Mysore Central Co-operative Land Mortgage Bank, Limited.

READ—

Government Order No. G. 6941-4—L. M. 14-29-1, dated the 4th December 1929, guaranteeing the debenture holders in the Mysore Central Co-operative Land Mortgage Bank, the repayment of the principal amounts of the debenture bonds at maturity, as well as payment of interest as it falls due, limited to five per cent per annum free of Income-tax, the guarantee being restricted to the debentures issued for the first Rs. 10 lakhs only.

2. Government Order No. G. 12215-8—L. M. 21-29-2, dated 11th April 1930, authorising the Mysore Central Co-operative Land Mortgage Bank, to issue debentures to the extent of Rs. 3 lakhs at 5 per cent interest per annum free of Income-tax.

3. Government Order No. D. 2624-7—L. M. 2-33-7, dated 30th November 1933, authorising the said Bank to issue a second series of debentures of Rs. 2·5 lakhs at 4½ per cent interest per annum free of Income-tax.

4. Government Order No. D. 4535-38—L. M. 16-34-3, dated 18th January 1935, authorising the Bank to issue a third series of debentures to the extent of Rs. 4 lakhs at 4 per cent interest per annum free of Income-tax.

5. Government Order No. D. 4189-92—L. M. 7-36-2, dated 6—7th January 1937, authorising the issue by the Bank of a fourth series of debentures of the value of Rs. 5 lakhs at 3½ per cent interest per annum, free of Income-tax, redeemable at par on 1st January 1967, Government agreeing to take up debentures in this series for Rs. 1,80,200 if the amount subscribed for by the public falls short of the full amount required.

6. Government Order No. A. F. 284-6—L. M. 21-38-2, dated the 7th August 1939, sanctioning the issue of a fifth series of debentures of the value of Rs. 5 lakhs at 3½ per cent interest per annum, free of Income-tax, Government guaranteeing the repayment of principal and interest and subscribing for the debentures to the extent of Rs. 1,80,200, if necessary, the other conditions being the same as for the fourth series.

7. Correspondence ending with letter No. 408—C. S., dated the 12th February 1941, from the Registrar of Co-operative Societies in Mysore, requesting sanction to the issue of a sixth series of debentures of the value of Rs. 5 lakhs at 3½ per cent interest per annum by the Mysore Central Co-operative Land Mortgage Bank, Limited.

Order No. A. F. 7144-5—C. S. 46-40-4, dated Bangalore, the 10th April 1941.

Since the issue of the fifth series of Debentures, the Mysore Central Co-operative Land Mortgage Bank, Limited, has extended its activities and the land mortgage scheme is in operation in 51 places. In order to meet the increasing demand for loans and to redeem the first series of debentures carrying interest at 5 per cent, the Bank has sought permission to float a sixth series of debentures of the value of Rs. 5 lakhs at 3½ per cent. The Registrar of Co-operative Societies, while forwarding the proposals of the Bank, states that the Bank can issue debentures for a further sum of Rs. 5 lakhs according to its bye-laws and recommends that the Bank may be permitted to issue the debentures proposed, Government guaranteeing repayment of principal and interest in this series also but not free from Income-tax and subscribing for debentures to the extent of Rs. 1,80,200, if necessary, the other conditions being the same as in the case of the fifth series.

No. A. F. 7144-5—C. S. 46-40-4, DATED 10TH APRIL 1941.

2. Government are pleased to permit the Mysore Central Co-operative Land Mortgage Bank, Limited, to issue a sixth series of debentures of the value of Rs. 5 lakhs at 3½ per cant interest, *not free from Income-tax*, Government guaranteeing the repayment of both principal and interest and subscribing for debentures up to a sum of Rs. 1,80,200, subject the condition that the debentures issued to Government will be limited to the extent that subscriptions from the public fall short of Rs. 5 lakhs, the amount subscribed by the Government being drawn in instalments as and when required for disbursement of loans sanctioned by the Bank, the other conditions of the issue remaining the same as in the fifth series.

J. APPAJI GOWDA,
Secretary to Government,
General Department.

To—The Registrar of Co-operative Societies in Mysore.
The Comptroller to Government through the Financial Department.

Exd.—C. K.

WD|1910—GPB—380—2-5-41